

DEPARTMENT OF AGING

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April 30, 2010

Anwar Zoueihid, Administrator of Direct Services
Multipurpose Senior Services Program #40
Partners in Care Foundation - North
732 Mott Street, Suite 150
San Fernando, California 91340

Dear Mr. Zoueihid:

**FINAL NOTICE OF AUDIT DETERMINATION (AMENDED)
MULTIPURPOSE SENIOR SERVICES PROGRAM #40
FOR THE PERIODS JULY 1, 2003, THROUGH JUNE 30, 2006**

Enclosed is the California Department of Aging's (CDA) Final Notice of Audit Determination (Amended) (NAD) for Partners in Care Foundation – North (PICF), Multipurpose Senior Services Program (MSSP), for the above periods.

The Final NAD report contains CDA Audit Branch's conclusions regarding PICF's financial closeout reports (reported program expenditures), accounting records, internal controls, and compliance with grant requirements over the MSSP. On the original NAD, there were no questioned costs or findings as a result of our review; however, it has been subsequently discovered that \$24,595 is owed for outstanding Electronic Data Systems (EDS) advances and \$1,226 is owed for interest related to the advances for FY 2005/06.

If you disagree with the findings presented in this report, you may file an appeal by submitting a statement of disputed issues to the Department of Health Care Services (DHCS), Office of Administrative Hearings and Appeals, 1029 J Street, Suite 200, Sacramento, California, 95814, within 60 calendar days of receipt of this notice. Appeals are to be made in accordance with title 22, California Code of Regulations, §51016 through 51047. We have enclosed a copy of the regulations governing provider appeals for your information.

Unless an appeal is filed, DHCS will be in contact with the MSSP to recover the funds, either by an offset of future MSSP funding or a return of the funds by the Agency. If you have any questions regarding the Final NAD, please contact Fili T. Gonzalez at (916) 928-6831 or fgonzalez@aging.ca.gov.

Sincerely,

Beverly D. Englund
Audit Branch Manager

Enclosures

cc: Lynn Daucher, Director CDA
Paula Butler, Section Chief, MSSP Branch, CDA (via e-mail)

**CALIFORNIA DEPARTMENT OF AGING
NOTICE OF AUDIT DETERMINATION (AMENDED)**

ORGANIZATION: PARTNERS IN CARE FOUNDATION - NORTH
MULTIPURPOSE SENIOR SERVICES PROGRAM

FOR THE PERIOD: JULY 1, 2003 THROUGH JUNE 30, 2006

CONTRACT/GRANT NOS.:	MS-0304-40	SITE: 40
	MS-0405-40	PROGRAM: MSSP
	MS-0506-40	

The California Department of Aging (CDA) Audit Branch has completed its review of the audit reports issued by Hinton, Kreditor & Gronoos, LLP (FY 0304) and audit report issued by Licker+Ozurovich, CPA (FY 0405 and FY 0506). We conducted additional testing of Partners in Care Foundation - North (PICF) to resolve grant contracts with CDA. The purpose of our review and the tests conducted was to determine if the Multipurpose Senior Services Program (MSSP):

- Developed annual "Final Accounting Reconciliation (FAR)" financial closeout statements which fairly present the financial operations of the program;
- Maintained adequate internal and administrative controls and procedures to ensure that administrative and case management expenses reported to the Medi-Cal program were accurate and allowable;
- Maintained adequate controls/procedures for the procurement and utilization of waived services to ensure that claims/billings for waived services billed to the Medi-Cal program were accurate and allowable; and
- Maintained adequate controls/procedures to ensure compliance with applicable laws, regulations and contract requirements.

REPORT ON FINANCIAL CLOSEOUTS

We reviewed PICF's single audit reports issued by Hinton, Kreditor & Gronoos, LLP (FY 0304) and audit report issued by Licker+Ozurovich, CPA (FY 0405 and FY 0506) and compared them to PICF's FARs submitted to CDA. We also compared the FARs back to PICF's accounting records as well.

Originally, we determined that the FAR submitted by Partners in Care Foundation was materially accurate and fairly presented the financial operations of the MSSP for the above fiscal years. However, we discovered, while reviewing the records of MSSP 43, Partners in Care Foundation – South, that the Agency's MSSP financial closeout statements did not report the outstanding Electronic Data Systems (EDS) advances of \$24,595 for FY 2005/06. In addition, the interest income related to this outstanding advance was not reported or remitted. The total amount of the related interest income required to be remitted to Department of Health Care Services (DHCS) is \$1,226. Please refer to Schedule A for the details of the EDS advance and interest. In addition, the revised closeout is attached.

**CALIFORNIA DEPARTMENT OF AGING
NOTICE OF AUDIT DETERMINATION (AMENDED)**

ORGANIZATION: PARTNERS IN CARE FOUNDATION - NORTH
MULTIPURPOSE SENIOR SERVICES PROGRAM

FOR THE PERIOD: JULY 1, 2003 THROUGH JUNE 30, 2006

REPORT ON INTERNAL CONTROL

The opinions on Internal Control Over Financial Reporting expressed in the single audit reports issued by Hinton, Kreditor & Gronoos, LLP (FY 0304), and audit report issued by Licker+Ozurovich, CPA (FY 0405 and FY 0506), who audited PICF's general purpose financial statements for the above fiscal period, did not include any reportable conditions or material internal control weaknesses related to the MSSP.

CDA Audits Branch conducted additional tests to determine that amounts reimbursed for administrative and case management expenditures did not exceed actual allowable costs. Based on the single audit reports and the results of our audit, we conclude that PICF's MSSP internal and administrative control structure is adequate to ensure the claims/billings to the Medi-Cal Program are accurate and consist of allowable costs.

REPORT ON COMPLIANCE WITH GRANT REQUIREMENTS

The opinions on Internal Control Over Compliance expressed in the single audit reports issued by Hinton, Kreditor & Gronoos, LLP (FY 0304), and audit report issued by Licker+Ozurovich, CPA (FY 0405 and FY 0506), who audited the compliance of PICF did not report any instances of non-compliance with laws, regulations, and contract requirements related to the MSSP.

This Final NAD represents our resolution of PICF's contract for the periods of July 1, 2003, through June 30, 2006. The results of CDA's review, the tests performed, and the procedures to resolve findings were discussed at an exit conference at your site on September 25, 2008.

Fili T. Gonzalez
General Auditor III

**Partners in Care Foundation - North
Multipurpose Senior Services Program #40
FYs 2003/04 through 2005/06**

Schedule A

	Amount Questioned
<hr/>	
FY 2005/06 (Schedule A-1)	
Outstanding EDS Advances	24,595
Interest Earned on Federal Funds Advanced	1,226
Total Amount Due	<hr/> 25,821 <hr/>
GRAND TOTAL	25,821
<hr/>	

**MSSP FY 2005-2006
FINAL ACCOUNTING RECONCILIATION**

Schedule A-1

Site Name : Partners In Care Foundation - North

Site # : 40

	Admin	Care Management (CM)	Waived Services (WS)	Total (Adm+CM+WS+SU)
1) Final Approved Budget	235,374	359,125	183,357	777,856
2) Actual Expenditures	240,262	361,119	174,999	776,380
2a) Actual Amount Paid (<i>breakout not available</i>)	-	-	-	747,685
3) Lower of Costs, Charges, or Amount Paid	240,262	361,119	174,999	747,685

Less Excluded Items:

4) Expenses Disallowed, per CDA Utilization Review (UR)				0
5) Submitted Claims not paid (outstanding balance) (2*)	Cut-off Date:	4/19/2007		
6) Claims Denied by EDS for this Fiscal Year (3*)	Cut-off Date:	4/19/2007		0
7) Interest Earned on MSSP Grant Funds (4*)				1,226
8) Subtotal of Excluded Items (add line 4 through line 7)				1,226

9) Allowable MSSP Expenditures, after Excluded Items (line 3 minus line 8) **746,459**

10) Claims Accepted for Payment by EDS	747,685
10a) EDS Advances Outstanding	24,595
11) Start-up Grant Funds Received from CDA	0
12) Total Revenue Received (add line 10 - line 11)	772,280

Subtract line 9 from line 12

If the difference is positive, enter the amount on line 13

If the difference is negative, enter the amount on line 14

13) Revenue Received in Excess of Allowable MSSP Expenditures **25,821**

14) Excess Expenditures Paid by MSSP Site, non-reimbursable

(1*) Expenditures are limited to Final Approved Budget

(2*) & (3*) Please indicate the cut-off dates (dates at the time these amounts were calculated) and submit separate listings for each "Submitted Claims not paid" and " Claims denied by EDS" at these cut-off dates. These listings of claims denied or unpaid will be used during audit to verify any revenue received after this date.

(4*) This amount is interest earned on the outstanding advances up to 12/31/09.

Prepared By	Date	Approved By
Fili T. Gonzalez, General Auditor III	3/15/2010	

PARTNERS IN CARE FOUNDATION - NORTH
MSSP 40
INTEREST ON OUTSTANDING ADVANCES

Schedule A-2

YEAR	BEGINNING BALANCE	INTEREST	TOTAL ADVANCES	FEDERAL PORTION 50% (2)	TOTAL	<u>Provided by Agency</u>	
						YEAR	AVERAGE INTEREST
2004/05	\$0	\$0	\$0	\$0	\$0	2004/05	1.74%
2005/06	\$0	\$0	\$24,595	\$12,298	\$12,298	2005/06	3.59%
2006/07	\$12,298	(1) \$558	\$0		\$12,298	2006/07	4.54%
2007/08	\$12,298	(1) \$412	\$0		\$12,298	2007/08	3.35%
2008/09	\$12,298	(1) \$186	\$0		\$12,298	2008/09	1.51%
thru 12/09	\$12,298	(1) \$70	\$0		\$12,298	2009/10	1.13%
Amount Due		\$1,226	\$24,595	\$12,298	\$25,821		

(1) Total interest for FY's 2006/07 through December 2009 of \$1,226 has been included on the Schedule A-1, Line 7.

(2) MSSP funds are comprised of 50% Federal and 50% State. Interest is due on only the Federal portion.